



General Assembly

January Session, 2007

***Raised Bill No. 7186***

LCO No. 4380

\*04380\_\_\_\_\_PD\_\*

Referred to Committee on Planning and Development

Introduced by:  
(PD)

***AN ACT ESTABLISHING A HOUSING PROGRAM TO ENCOURAGE  
ECONOMIC GROWTH.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective July 1, 2007*) As used in sections 1 to 16,  
2 inclusive, of this act:

3 (1) "Affordable housing" means housing for which persons and  
4 families pay thirty per cent or less of their annual income, where such  
5 income is less than or equal to eighty per cent of the lesser of the state  
6 median income or the area median income for the municipality in  
7 which such housing is located, as determined by the United States  
8 Department of Housing and Urban Development.

9 (2) "Affordable housing deed restriction" means a deed restriction  
10 filed on the land records of the municipality, containing covenants or  
11 restrictions that require a single-family residence or the dwelling units  
12 in a multifamily building to be sold or rented only to persons or  
13 families whose income is less than or equal to eighty per cent of the  
14 lesser of the state median income or the area median income for the  
15 municipality in which such housing is located, as determined by the

16 United States Department of Housing and Urban Development, and  
17 that shall constitute "affordable housing", within the meaning of this  
18 section.

19 (3) "Affordable housing sponsor" or "sponsor" means (A) the owner  
20 or developer responsible for the acquisition, construction and  
21 operation of housing located in a housing incentive zone, in which at  
22 least twenty per cent of the units are available as affordable housing  
23 for a period of not less than thirty years, or other appropriate entity  
24 with respect to such housing which may include, the owner or  
25 occupant of a unit in such housing, or (B) the municipality in which  
26 such housing is located, acting as trustee for such owner, developer or  
27 appropriate entity.

28 (4) "Approved housing incentive zone" means an overlay zoning  
29 that has been adopted by a zoning commission and for which a letter  
30 of eligibility has been issued by the Office of Policy and Management  
31 under section 5 of this act.

32 (5) "Authority" means the Connecticut Health and Educational  
33 Facilities Authority.

34 (6) "Building incentive payment" means the one-time payment,  
35 made pursuant to subdivision (1) of subsection (a) of section 7 of this  
36 act, for each qualified housing unit, located within a housing incentive  
37 zone, for which a building permit has been issued.

38 (7) "Capital appreciation bonds" means bonds where interest is  
39 compounded at a stated rate and payable only at the maturity or prior  
40 redemption thereof.

41 (8) "Construction" means the creation of additional housing units by  
42 (A) construction of housing units, (B) substantial rehabilitation of an  
43 existing residential building, or (C) conversion of existing  
44 nonresidential buildings to residential buildings.

45 (9) "Development" means a proposed residential or mixed-use

46 development within a housing incentive zone.

47 (10) "Duplex" means a residential building containing two units.

48 (11) "Eligible location" means a location that includes, but is not  
49 limited to, the following: (A) An area near a transit station, including  
50 rapid transit, commuter rail and bus or ferry terminals; (B) an area of  
51 concentrated development, including a commercial center, other  
52 existing residential or commercial district or village district established  
53 pursuant to section 8-2j of the general statutes; or (C) an area that,  
54 because of existing infrastructure, transportation access or  
55 underutilized facilities or location, is suitable for development as a  
56 housing incentive zone.

57 (12) "Fund" means the Housing for Economic Growth Fund  
58 established in accordance with section 15 of this act.

59 (13) "Historic district", means a historic district established pursuant  
60 to part 1 of chapter 97a of the general statutes.

61 (14) "Housing incentive development" means any residential or  
62 mixed-use development that is (A) proposed within a housing  
63 incentive zone after adoption of such zone by the zoning commission,  
64 (B) eligible for financial incentives set forth in sections 2 to 16,  
65 inclusive, of this act, and (C) subject to an affordable housing deed  
66 restriction that requires at least twenty per cent of the units in the  
67 development to remain affordable for at least thirty years to  
68 individuals or households whose annual income is not more than  
69 eighty per cent of the median income.

70 (15) "Housing incentive zone" means a zone adopted by a zoning  
71 commission pursuant to section 3 of this act as an overlay to one or  
72 more existing zoning districts, in an eligible location and within which  
73 a developer may apply for approval to construct a housing incentive  
74 development.

75 (16) "Housing incentive zone certificate of compliance" means a

76 written certification issued by the Office of Policy and Management in  
77 accordance with section 6 of this act.

78 (17) "Letter of eligibility" means a letter to a municipality issued by  
79 the Office of Policy and Management, under section 5 of this act,  
80 approving a housing incentive zone application.

81 (18) "Median income" means, after adjustments for family size, the  
82 lesser of the state median income or the area median income for the  
83 area in which the municipality containing the affordable housing is  
84 located, as determined by the United States Department of Housing  
85 and Urban Development.

86 (19) "Mixed-use development" means a development containing one  
87 or more multifamily or single-family residential uses and one or more  
88 commercial, institutional, industrial or other uses.

89 (20) "Multifamily housing" means apartment or condominium units  
90 in buildings which contain or will contain three or more residential  
91 units.

92 (21) "Office" means the Office of Policy and Management.

93 (22) "Open space" means land or permanent interest in land that  
94 meets one or more of the criteria listed in subsection (b) of section  
95 7-131d of the general statutes.

96 (23) "Redevelopment" means construction that will exceed fifty per  
97 cent of the assessed value before a building or a change in use of a  
98 structure from nonresidential to residential.

99 (24) "State assistance" means a payment by the state of actual debt  
100 service, comprised of principal, interest and reasonable operating  
101 reserves, interest rate swap payments, liquidity fees, letter of credit  
102 fees, trustee fees and other similar bond-related expenses.

103 (25) "State assistance agreement" means any contract entered into by

104 the state, acting by and through the Secretary of the Office of Policy  
105 and Management and the State Treasurer, with the Connecticut Health  
106 and Educational Facilities Authority providing for state assistance  
107 pursuant to section 14 of this act.

108 (26) "Townhouse multifamily housing" means a residential building  
109 of three or more residential units with two or three stories having  
110 common walls, but not sharing the other side of ceilings or floors or  
111 the back of the unit with other residential units.

112 Sec. 2. (NEW) (*Effective July 1, 2007*) (a) A zoning commission may  
113 adopt regulations as part of the zoning regulations adopted under  
114 section 8-2 of the general statutes or any special act to establish a  
115 housing incentives zone in accordance with the provisions of this  
116 section.

117 (b) A housing incentive zone shall satisfy the following minimum  
118 requirements:

119 (1) The zone shall be located in an eligible location.

120 (2) Density shall be determined based on land area that can be  
121 developed in the municipality. The minimum density for residential  
122 uses shall be: (A) Six units per acre for single-family detached housing;  
123 (B) ten units per acre for duplex or townhouse multifamily housing;  
124 and (C) twenty units per acre for multifamily housing. The density  
125 shall be at least twenty-five per cent more than the density allowed in  
126 the underlying zone to qualify for the financial incentive payments  
127 provided for in sections 1 to 16, inclusive, of this act.

128 (3) The minimum residential densities set forth in subdivision (2) of  
129 this subsection shall be subject to site plan procedures, submission  
130 requirements and approval standards, and shall not be subject to  
131 special permit or special exception procedures, submission  
132 requirements or approval standards.

133 (4) The housing incentive zone may contain one or more subzones

134 and different types of housing, a combination of housing and other  
135 commercial uses or only commercial uses without housing may be  
136 allowed in distinct subzones.

137 (5) Not less than twenty per cent of the residential units in each  
138 housing incentive development shall be affordable housing subject to  
139 an affordable housing deed restriction.

140 (6) The land area of a housing incentive zone may not exceed fifteen  
141 per cent of the total land area in the municipality unless, upon request  
142 of the municipality, the Office of Policy and Management determines  
143 that a larger land area for a housing incentive zone serves the goals  
144 and objectives of sections 1 to 16, inclusive, of this act.

145 (7) The aggregate land area of all approved housing incentive and  
146 subzones in a municipality shall not exceed twenty-five per cent of the  
147 total land area in the municipality.

148 (c) A zoning commission may modify its zoning regulations  
149 pertaining to the dimensional standards contained in the underlying  
150 zoning in the housing incentive zone regulations in order to support  
151 desired densities, mix of uses and physical compatibility. Standards  
152 subject to modification or waiver may include, but shall not be limited  
153 to, building height, setbacks, lot coverage, parking ratios and locations  
154 and roadway design standards.

155 (d) The regulations for a housing incentive zone may allow for a  
156 mix of business, commercial or other uses in the zone consistent with  
157 permitted use. If mixed use developments are allowed, the Office of  
158 Policy and Management may approve proportionate reductions in the  
159 minimum housing density.

160 (e) A housing incentive zone may overlay an existing historic  
161 district or districts. A municipality, with the approval of the Office of  
162 Policy and Management, may establish a historic district in an  
163 approved housing incentive zone, provided establishment of such

164 historic district does not render the municipality noncompliant with  
165 the provisions of sections 1 to 16, inclusive, of this act. The historic  
166 district may be coterminous or noncoterminous with the housing  
167 incentive zone. Within any such historic district, the requirements of  
168 the historic district shall apply to existing and proposed buildings,  
169 provided such requirements are not inconsistent with the provisions of  
170 sections 1 to 16, inclusive, of this act.

171 (f) An applicant for site plan approval to construct a housing  
172 incentive development within an approved zone may propose, and the  
173 municipal zoning commission may approve, (1) that more than twenty  
174 per cent of the total proposed units shall be subject to an affordable  
175 housing deed restriction; (2) that the maximum annual income of  
176 qualifying individuals or households may be less than the limit stated  
177 in subdivision (15) of section 1 of this act; and (3) that the duration of  
178 the affordable housing deed restriction may be longer than thirty  
179 years.

180 (g) The provisions of sections 1 to 16, inclusive, of this act shall not  
181 be construed to affect the power of a zoning commission to amend its  
182 regulations adopted under section 8-2 of the general statutes or any  
183 special act.

184 Sec. 3. (NEW) (*Effective July 1, 2007*) (a) A zoning commission, in  
185 adopting regulations for a housing incentive zone, may establish  
186 design standards for development within such zone. Such design  
187 standards shall be part of the site plan approval process and (1) shall  
188 ensure that physical development within the housing incentive zone is  
189 complementary to adjacent and neighboring buildings and structures,  
190 and consistent with the housing plan provided for in section 4 of this  
191 act and the plan of conservation and development of the municipality  
192 adopted under section 8-23 of the general statutes; and (2) may address  
193 the scale and proportions of buildings; site coverage; the alignment,  
194 width and grade of streets and sidewalks; type and location of  
195 infrastructure; the location of building and garage entrances; off-street

196 parking; protection of significant natural site features; and location and  
197 design of on-site open spaces, exterior signs and setbacks and  
198 buffering in relation to adjacent properties.

199 (b) A design standard shall not be adopted if such standard will  
200 unreasonably increase the cost of residential or mixed-use  
201 developments or unreasonably impair the economic feasibility of  
202 subjecting at least twenty per cent of the residential units to a housing  
203 incentive restriction.

204 (c) The Office of Policy and Management may disapprove a request  
205 for the determination of eligibility for a housing incentive zone under  
206 section 5 of this act if a design standard will unreasonably increase  
207 such costs or unreasonably impair such economic feasibility but may  
208 not make other determinations with regard to the design standards. A  
209 statement from an applicant for site plan approval within a proposed  
210 or approved housing incentive zone that the design standards are  
211 reasonable and economically feasible, shall be dispositive with regard  
212 to the issue of reasonableness of the design standard.

213 (d) A zoning commission may amend design standards, but any  
214 proposed amendment shall be submitted to the office for a  
215 determination whether such amendment is consistent with section 2 of  
216 this act.

217 Sec. 4. (NEW) (*Effective July 1, 2007*) A municipality may file with the  
218 Office of Policy and Management an application for preliminary  
219 determination of eligibility for financial incentives under section 7 of  
220 this act and housing incentive education cost reimbursement under  
221 section 8 of this act. Such application shall be filed prior to approval by  
222 the zoning commission of a proposed housing incentive zone and  
223 shall:

224 (1) Identify and describe the boundaries of the proposed housing  
225 incentive zone;



226 (2) Identify and describe the land area that can be developed within  
227 the proposed housing incentive zone;

228 (3) Identify and describe (A) existing residential development  
229 opportunities within the proposed housing incentive zone, and (B) the  
230 reuse of existing buildings and underutilized buildings within already  
231 developed areas in the zone, such as underutilized residential,  
232 commercial, industrial or institutional buildings or uses that have the  
233 potential to be recycled or converted into residential or mixed-use  
234 developments;

235 (4) Identify the number of additional residential units that can be  
236 established within the existing zone;

237 (5) Include a housing plan that estimates the projected total number  
238 of units and affordable housing units that can be constructed within  
239 the proposed housing incentive zone;

240 (6) Include a copy of the proposed housing incentive zone  
241 regulations and design standards; and

242 (7) Include a plan for administering and enforcing housing incentive  
243 restrictions, including the proposed text of such restrictions.

244 Sec. 5. (NEW) (*Effective July 1, 2007*) (a) Upon application by a  
245 municipality under section 4 of this act, the Office of Policy and  
246 Management shall make a preliminary determination of eligibility not  
247 later than sixty days after receipt of the application. At least thirty days  
248 before making such preliminary determination, the office shall  
249 electronically give notice of the application for a preliminary  
250 determination to all persons who have provided the office with a  
251 current electronic mail address and a written request to receive such  
252 notices. If, after review, the office determines that the municipality is  
253 eligible, the office shall issue a letter of preliminary eligibility to the  
254 municipality. If the office determines that the proposed housing  
255 incentive zone is not eligible, the office shall notify the municipality of

256 the reasons for such determination. A municipality may reapply for  
257 approval after addressing the reasons for ineligibility.

258 (b) If a municipality with a population of less than five thousand as  
259 determined by the most recent federal decennial census submits to the  
260 Office of Policy and Management, as part of an application for  
261 preliminary eligibility, evidence of sewer, water supply, traffic safety  
262 or other existing, substantial infrastructure limitations that prevent  
263 adoption of the minimum densities provided for in subdivision (2) of  
264 section 4 of this act, and the proposed housing incentive zone satisfies  
265 all other requirements under sections 1 to 16, inclusive, of this act, the  
266 office may approve such zone with not less than four units per acre for  
267 single family housing, not less than six units per acres for duplex or  
268 townhouse, and not less than six units per acre for multifamily  
269 housing.

270 (c) After issuance of a letter of preliminary eligibility and upon  
271 receipt of proof of adoption of the housing incentive zone in the form  
272 considered, the office may approve such housing incentive zone.

273 Sec. 6. (NEW) (*Effective July 1, 2007*) (a) Each municipality with an  
274 approved housing incentive zone shall annually, in accordance with  
275 procedures established by the Office of Policy and Management, apply  
276 for a housing incentive zone certificate of compliance. To receive a  
277 certificate, the municipality shall verify within the time specified by  
278 the office that:

279 (1) The municipality has adopted and continues to have in effect an  
280 approved housing incentive zone that is the subject of such certificate;

281 (2) Certification of the housing incentive zone has not been revoked  
282 by the office;

283 (3) The municipality is making reasonable efforts to assist and  
284 promote construction of housing in accordance with the regulations of  
285 the approved zone; and

286 (4) The zoning commission of the municipality has not  
287 unreasonably denied plans for development or has only denied plans  
288 for development in a manner consistent with housing incentive zone  
289 regulations and the housing plan of the municipality provided for in  
290 this section and the provisions of sections 1 to 16, inclusive, of this act.

291 (b) The Office of Policy and Management shall issue approved  
292 certificates on or before October first annually. If the office is unable to  
293 certify compliance, the office shall hold a public hearing in accordance  
294 with chapter 54 of the general statutes. If the office concludes that the  
295 municipality is in material noncompliance with the requirements of  
296 sections 1 to 16, inclusive, of this act, the office may revoke  
297 certification. Any revocation of certification shall not affect the validity  
298 of the housing incentive zone regulations, or the application of such  
299 regulations to land, development or proposed development within the  
300 housing incentive zone, but may affect the municipality's eligibility for  
301 the financial incentive payments provided for in sections 1 to 16,  
302 inclusive, of this act.

303 (c) A municipality shall submit each amendment or repeal of a  
304 housing incentive zone regulation to the office, along with an  
305 evaluation of the effect of the amendment or repeal on the housing  
306 plan of the municipality provided for in section 4 of this act. If the  
307 office determines that the amendment or repeal adversely affects the  
308 purposes of the housing incentive zone, the office may revoke the  
309 certification provided for in this section.

310 (d) The Secretary of the Office of Policy and Management may  
311 adopt regulations, in accordance with the provisions of chapter 54 of  
312 the general statutes, to implement the provisions of this section.

313 Sec. 7. (NEW) (*Effective July 1, 2007*) (a) Upon confirmation of  
314 approval by the Office of Policy and Management of a proposed  
315 housing incentive zone in a municipality, the office shall make  
316 payments to the municipality as follows:

317 (1) A zoning incentive payment in the amount of two thousand  
318 dollars shall be made for each unit of housing which can be built in  
319 such zone. The maximum number of units that can be built within the  
320 zone shall be based upon the zoning regulations adopted in the  
321 housing incentive zone and the housing plan of the municipality  
322 provided for in section 4 of this act; and

323 (2) A one-time building incentive payment shall be made to each  
324 municipality for each housing unit within a housing incentive zone for  
325 which a building permit is issued after approval by the Office of Policy  
326 and Management. Payment shall be in the amount of two thousand  
327 dollars for each multifamily housing unit, duplex unit and townhouse  
328 multifamily unit and in the amount of five thousand dollars for each  
329 single-family unit. The amount shall be paid on a unit basis upon  
330 submission by a municipality of proof of issuance of a building permit  
331 for a particular housing unit or units within the zone.

332 (b) Residential units that are part of a development that constitutes  
333 age-restricted housing in compliance with the federal Fair Housing  
334 Act, 42 USC 3607 shall not be eligible for any of the incentive payments  
335 provided by subdivision (1) of subsection (a) of this section.

336 Sec. 8. (NEW) (*Effective July 1, 2007*) (a) Each municipality seeking  
337 housing incentive education cost reimbursement pursuant to the  
338 establishment of a housing incentive zone as provided for in sections 1  
339 to 16, inclusive, of this act, shall include in its data of record, pursuant  
340 to subsection (a) of section 10-262i of the general statutes, as of  
341 December first prior to the fiscal year such reimbursement is to be  
342 made, the number of children age five to seventeen, inclusive, as  
343 defined in subdivision (10) of section 10-262f of the general statutes,  
344 identified as residing in units of housing in a housing incentive zone  
345 established under sections 1 to 16, inclusive, of this act.

346 (b) The municipality shall be eligible for payment of a housing  
347 incentive education cost reimbursement through bonds or other  
348 obligations issued by the Connecticut Health and Education Financing

349 Authority pursuant to section 13 of this act. The amount of such  
350 payment shall be determined annually based on the number of  
351 children identified pursuant to subsection (a) of this section, multiplied  
352 by the difference between the regular program expenditures or the  
353 regular program expenditures per need student, whichever applies, as  
354 defined in subdivisions (20) and (21) of section 10-262f of the general  
355 statutes, respectively, of the municipality divided by the number of  
356 children age five to seventeen, inclusive, in the municipality, as  
357 defined in subdivision (10) of section 10-262f of the general statutes,  
358 and the sum of (1) any per capital equalization aid grant pursuant to  
359 section 10-262h of the general statutes adjusted annually on the basis of  
360 the number of children in the municipality age five to seventeen,  
361 inclusive, as defined in section 10-262f of the general statutes; and (2)  
362 fifty per cent of the incremental increase in real and personal property  
363 taxes attributable to the housing and other development within the  
364 incentive zone, divided by the number of children identified pursuant  
365 to subsection (a) of this section.

366 (c) Each municipality shall provide to the authority information and  
367 data necessary to support the issuance of said bonds or other  
368 obligations of the authority. The Department of Education shall certify  
369 the information and data to the authority.

370 Sec. 9. (NEW) (*Effective July 1, 2007*) (a) A zoning commission may  
371 adopt provisions in regulations adopted under section 8-2 of the  
372 general statutes or any special act that prescribes the contents of an  
373 application required for approval of a project in a housing incentive  
374 zone. The regulations may require the applicant to pay the cost of  
375 reasonable consulting fees to provide peer review of the application for  
376 the benefit of the zoning commission. Such fees shall be held in a  
377 separate account and used only for expenses associated with the  
378 review of the application by outside consultants and any surplus  
379 remaining after the completion of such review, shall be returned to the  
380 applicant, including any interest accrued. The housing incentive zone  
381 regulations may provide for the referral of the application for

382 comment to other agencies or boards in the municipality. If an  
383 application is referred to another board or commission, the board or  
384 agency shall provide any comments to the zoning commission within  
385 the applicable time period contained in section 8-7d of the general  
386 statutes.

387 (b) A project shall be approved by the zoning commission subject  
388 only to conditions that are necessary to (1) ensure substantial  
389 compliance of the proposed development with the requirements of the  
390 housing incentive zone regulations and design standards; or (2)  
391 mitigate any extraordinary adverse impacts of the project on nearby  
392 properties. An application for development may be denied only on the  
393 grounds that: (A) The development does not meet the conditions and  
394 requirements set forth in the housing incentive zone regulations; (B)  
395 the applicant failed to submit information and fees required by the  
396 regulations and necessary for an adequate and timely review of the  
397 design of the development or potential development impacts; or (C) it  
398 is not possible to adequately mitigate significant adverse project  
399 impacts on nearby properties by means of suitable conditions.

400 (c) Approval of a project shall be valid and run with the land  
401 indefinitely, provided construction commences not more than two  
402 years after the zoning commission makes a decision on the application.  
403 The time shall be extended (1) by the time required to adjudicate any  
404 appeal of the decision of the commission approval; (2) by the zoning  
405 commission if the proponent of the development is actively pursuing  
406 other permits needed for the project; (3) if there is other good cause for  
407 the failure to commence construction; or (4) as provided in an approval  
408 for a multiphase project.

409 Sec. 10. (NEW) (*Effective July 1, 2007*) (a) The Office of Policy and  
410 Management shall be responsible for the administration, review and  
411 reporting on the housing incentive zone program as provided in  
412 sections 1 to 16, inclusive, of this act.

413 (b) On or before January 1, 2009, and annually thereafter, the office

414 shall submit an annual report on the program to the General Assembly  
415 in accordance with section 11-4a of the general statutes. Each  
416 municipality shall submit to the office any data requested by the office  
417 on the housing incentive program. The report shall be based on such  
418 data and shall be for the period ending the last day of the prior fiscal  
419 year. The report shall (1) identify and describe the status of  
420 municipalities actively seeking letters of eligibility; (2) identify  
421 approved housing incentive zones and the amounts and anticipated  
422 schedule of zoning incentive and building incentive payments under  
423 section 7 of this act, and education reimbursement payments pursuant  
424 to section 8 of this act during the prior and current fiscal year; (3)  
425 summarize the amount of land areas zoned for particular types of  
426 projects in both proposed and approved zones, the number of  
427 developments being reviewed by zoning commissions under section 9  
428 of this act, including the number and type of proposed residential  
429 units, the number of building permits issued, the number of completed  
430 housing units and their type; (4) state the amount of one-time zoning  
431 and building incentive payments and the amount of education  
432 reimbursement payments made to each municipality; and (5) for the  
433 current and immediately succeeding fiscal years, make estimates for  
434 (A) anticipated number and size of proposed new housing incentive  
435 zones over such time period; (B) the number and size of new housing  
436 incentive zones that may be approved over such time period; (C) the  
437 potential number of residential units to be allowed in such new and  
438 proposed housing incentive zones; and (D) anticipated construction of  
439 housing over such time period.

440 Sec. 11. (NEW) (*Effective July 1, 2007*) A municipality may apply to  
441 the Office of Policy and Management for approval of an existing  
442 zoning district as a housing incentive zone if such zoning district  
443 meets the requirements of a housing incentive zone, including the  
444 affordability and density requirements. The application requirements  
445 shall be the same as for a new housing incentive zone. Upon approval,  
446 the municipality shall be eligible for the one-time building incentive  
447 payments upon the construction of units within the housing incentive

448 zone from the date of approval under subdivision (2) of subsection (a)  
449 of section 7 of this act, but shall not be eligible for zoning incentive  
450 payments without increasing the existing density by at least twenty-  
451 five per cent under subdivision (1) of subsection (a) of section 7 of this  
452 act.

453       Sec. 12. (NEW) (*Effective July 1, 2007*) (a) The Office of Policy and  
454 Management may require the municipality to repay to the state all  
455 payments paid to a municipality under section 7 of this act upon  
456 determination by the Office of Policy and Management that (1) no  
457 construction has been started in a housing incentive zone in a  
458 municipality ten years after the date of any payment to the  
459 municipality under section 7 of this act, or (2) the municipality has  
460 acted to discourage housing development or imposed other barriers to  
461 the production of housing within the zone.

462       (b) The Secretary of the Office of Policy and Management may  
463 adopt regulations to implement the provisions of this section.

464       Sec. 13. (NEW) (*Effective July 1, 2007*) (a) The Connecticut Health and  
465 Educational Facilities Authority is authorized to issue bonds or other  
466 obligations of the authority, in principal amounts in the aggregate not  
467 to exceed three hundred fifty-five million dollars before the fiscal year  
468 ending June 30, 2023, payable solely from and secured by state  
469 assistance payments pursuant to section 14 of this act, for the purpose  
470 of providing funds for zoning incentive payments pursuant to  
471 subdivision (1) of subsection (a) of section 7 of this act and building  
472 incentive payments pursuant to subdivision (2) of subsection (a) of  
473 section 7 of this act and section 11 of this act.

474       (b) The authority is further authorized to issue bonds or other  
475 obligations of the authority annually, payable solely from and secured  
476 by state assistance payments pursuant to section 14 of this act, in  
477 principal amounts in the aggregate not exceeding two billion one  
478 hundred ten million dollars before the fiscal year ending June 30, 2038,  
479 for the purpose of providing educational cost assistance to such



480 municipalities pursuant to section 8 of this act and rental assistance to  
481 affordable housing sponsors pursuant to section 20 of this act.

482 (c) Any bonds issued by the authority for the purposes of subsection  
483 (a) or (b) of this section and at any time outstanding may at any time or  
484 from time to time be refunded by the authority, in whole or in part, by  
485 the issuance of its refunding bonds in such amounts as the authority  
486 may deem necessary or appropriate but not exceeding an amount  
487 sufficient to refund the principal amount of the bonds to be so  
488 refunded, any unpaid interest thereon, and any premiums,  
489 commissions and costs of issuance necessary to be paid in connection  
490 therewith.

491 (d) The Connecticut Health and Educational Facilities Authority  
492 may pledge the state assistance authorized in section 16 of this act as  
493 security for the payment of such bonds or refunding bonds issued by  
494 said authority.

495 (e) The proceeds, if any, of bonds issued pursuant to this section  
496 shall be transferred to the State Treasurer for deposit in the Housing  
497 for Economic Growth Fund established in section 15 of this act for  
498 application in accordance with subsection (c) of section 16 of this act.  
499 No bonds shall be issued by the authority pursuant to this section  
500 without prior authorization from the State Treasurer and the Secretary  
501 of the Office of Policy and Management.

502 (f) Subject to the contract entered into with the state pursuant to  
503 section 14 of this act, bonds issued by the authority under this section  
504 may be sold at public or private sale, in such manner, at such price or  
505 prices, at such time or times and on such other terms and conditions as  
506 are consistent with the purposes and provisions of this act. Any bonds  
507 sold at private sale pursuant to subsection (a) of this section may be  
508 sold directly to a municipality, the consideration for which may be the  
509 establishment and development of a housing incentive zone by such  
510 municipality in lieu of cash or other form of payment. Any bonds sold  
511 at private sale pursuant to subsection (b) of this section for the purpose

512 of providing funds: (1) For housing incentive educational cost  
513 reimbursement, may be sold directly to a municipality, the  
514 consideration for which may be the construction and occupancy of one  
515 or more housing units within an established housing incentive zone, in  
516 which there resides one or more eligible students, and (2) for rental  
517 assistance, may be sold directly to an affordable housing sponsor or, as  
518 may be required for the financing of such housing, the assignee of such  
519 sponsor so long as such assignment has prior approval of the Secretary  
520 of the Office of Policy and Management, the consideration for which  
521 bonds may be the construction and occupancy of one or more housing  
522 units within an established housing incentive zone, in which no less  
523 than twenty per cent of the units are available as affordable housing  
524 for a period of not less than thirty years. In the discretion of the  
525 Secretary of the Office of Policy and Management, pursuant to  
526 guidelines established by the secretary, bonds or other obligations of  
527 the authority may be sold to a municipality pursuant to subdivision (1)  
528 of this subsection, notwithstanding that at the time of the issuance of  
529 such bonds or other obligations, no eligible students reside in the  
530 housing units for which financing will be provided.

531 (g) Any bonds or other obligations of the authority sold to a  
532 municipality or sponsor at private sale pursuant to this section shall be  
533 issued as capital appreciation bonds, and shall be subject to  
534 redemption upon such terms established by the authority and agreed  
535 to by the municipality or the sponsor, as the case may be. Any bonds  
536 sold to a municipality or sponsor pursuant to this section shall be  
537 registered in the name of the municipality or sponsor to which such  
538 bond is issued and, except as otherwise provided in sections 1 to 16,  
539 inclusive, of this act, shall not be transferable by such municipality or  
540 sponsor except upon a default by the authority in the payment of  
541 principal of or interest on such bond when due. At or prior to the  
542 issuance of a bond or bonds of the authority to a municipality or  
543 sponsor pursuant to this section, the authority shall receive from the  
544 Secretary of the Office of Policy and Management, as a condition  
545 precedent to the issuance of such bond or bonds, a certificate to the

546 effect that the consideration for the issuance of such bond or bonds by  
547 the authority complies with the provisions of this section and is  
548 consistent with the purposes of sections 1 to 16, inclusive, of this act.

549 (h) Any bonds issued by the authority pursuant to this section shall  
550 be special obligations of the authority and shall not be payable from or  
551 charged upon any funds other than revenues pledged therefor and  
552 deposited in the Housing for Economic Growth Fund, established in  
553 section 15 of this act. The authority or the state shall not be subject to  
554 any liability thereon except to the extent of such pledged revenues.

555 (i) In the discretion of the authority, any bonds or other obligations  
556 issued under the provisions of this section may be secured by a trust  
557 agreement by and between the authority and a corporate trustee or  
558 trustees, which may be any trust company or bank having the powers  
559 of a trust company within or without the state. If such bonds are sold  
560 directly to a municipality or a sponsor, the provisions of this section  
561 shall preclude the authority from acting as trustee for the benefit of the  
562 holders of such bonds or other obligations and, as trustee, the  
563 authority shall have the right, power and authority to enforce the  
564 obligations of the state under any contract entered into for state  
565 assistance pursuant to sections 1 to 16 , inclusive, of this act.

566 (j) The state of Connecticut does hereby pledge to and agree with  
567 the holders of any bonds and other obligations of the Connecticut  
568 Health and Educational Facilities Authority issued under this section  
569 and with those parties who may enter into contracts with the authority  
570 pursuant to the provisions of this act that the state will not limit or  
571 alter the rights hereby vested in the authority or revoke, amend or alter  
572 the state assistance agreement until such bonds or other obligations,  
573 together with the interest thereon, are fully met and discharged and  
574 such contracts and state assistance agreement are fully performed on  
575 the part of the authority and the state, respectively, provided nothing  
576 contained herein shall preclude such limitation, revocation,  
577 amendment or alteration if and when adequate provision shall be

578 made by law for the protection of the holders of such bonds and other  
579 obligations of the authority or those entering into such contracts with  
580 the authority. The authority as agent for the state is authorized to  
581 include this pledge and undertaking for the state in such obligations or  
582 contracts.

583       Sec. 14. (NEW) (*Effective July 1, 2007*) (a) On and after July 1, 2007,  
584 the State Bond Commission may authorize the State Treasurer and the  
585 Secretary of the Office of Policy and Management to enter into a  
586 contract or contracts to provide state assistance on bonds or other  
587 obligations issued by the Connecticut Health and Educational Facilities  
588 Authority pursuant to section 13 of this act. If authorized by the State  
589 Bond Commission, the state, acting by and through the Secretary of the  
590 Office of Policy and Management and the State Treasurer, shall enter  
591 into a contract or contracts with the authority that provide that the  
592 state shall pay to said authority state assistance on bonds issued by  
593 said authority for purposes of sections 1 to 16, inclusive, of this act, and  
594 costs of issuance. Any such contract entered into pursuant to this  
595 section shall include provisions the Secretary of the Office of Policy  
596 and Management and the State Treasurer find that are: (1) Necessary  
597 to assure the effectuation of the housing for economic growth  
598 initiative, and (2) in the best interests of the state to allow that such  
599 state assistance be paid by the state directly to the trustee or paying  
600 agent for any bonds, refunding bonds or other obligations of the  
601 authority, as applicable, with respect to which the state assistance is  
602 provided. Any provision of any such contract entered into providing  
603 for payments equal to annual debt service shall constitute a full faith  
604 and credit obligation of the state and as part of the contract of the state  
605 with the holders of any bonds, refunding bonds or other obligations of  
606 the authority, as applicable, appropriation of all amounts necessary to  
607 meet punctually the terms of such contract is hereby made and the  
608 State Treasurer shall pay such amounts as the same become due. The  
609 state, acting by and through the Office of Policy and Management and  
610 the State Treasurer and without further authorization, may execute an  
611 amendment to any contract providing state assistance as required in

612 connection with the issuance by the authority of any refunding bonds.

613 (b) Notwithstanding the provisions of any contract entered into by  
614 the state with the Connecticut Health and Educational Facilities  
615 Authority for state assistance, the bonds, refunding bonds or other  
616 obligations of the authority to which such state assistance applies shall  
617 not constitute bonds or notes issued or guaranteed by the state within  
618 the meaning of section 3-21 of the general statutes.

619 Sec. 15. (NEW) (*Effective July 1, 2007*) (a) There is established, within  
620 the General Fund, a separate, nonlapsing account to be known as the  
621 "Housing for Economic Growth Fund" to be held by the State  
622 Treasurer separate and apart from all other moneys, funds and  
623 accounts. There shall be deposited in the Housing for Economic  
624 Growth Fund: (1) Any amounts appropriated by the state for the  
625 purposes of the housing incentive zone program pursuant to sections 1  
626 to 16, inclusive, of this act; (2) all amounts representing repayment of  
627 the loans made by the state pursuant to section 19 of this act; (3)  
628 repayments of state financial assistance in connection with the housing  
629 incentive zone program pursuant to section 12 of this act; (4) the  
630 proceeds, if any, of bonds or other obligations issued by the  
631 Connecticut Health and Educational Facilities Authority pursuant to  
632 section 13 of this act net of the costs of issuance incurred in connection  
633 with the issuance of such bonds or other obligations; and (5)  
634 investment earnings on amounts on deposit in the fund which are to  
635 be credited to the assets of the fund.

636 (b) Any moneys held in the Housing for Economic Growth Fund  
637 may, pending the use or application thereof for an authorized purpose,  
638 be invested or reinvested, as the case may be, in (1) such obligations,  
639 securities and investments as are set forth in subsection (f) of section 3-  
640 20 of the general statutes, (2) in participation certificates in the Short  
641 Term Investment Fund created under sections 3-27a and 3-27f of the  
642 general statutes, and (3) participation units in the combined  
643 investment funds, as defined in section 3-31b of the general statutes.

644 Proceeds from investments authorized by this subsection shall be  
645 credited to the Housing for Economic Growth Fund.

646 (c) The State Treasurer shall establish such accounts and  
647 subaccounts, if any, within the Housing for Economic Growth Fund as  
648 may be necessary to effect the purposes of sections 1 to 16, inclusive, of  
649 this act and to serve the administrative convenience of the state.

650 (d) Moneys of the Housing for Economic Growth Fund shall be  
651 used to fund the housing incentive zone program established pursuant  
652 to sections 1 to 16, inclusive, of this act, and shall be disbursed as  
653 provided in section 16 of this act.

654 Sec. 16. (NEW) (*Effective July 1, 2007*) (a) For the purpose of  
655 providing funds for (1) the annual administrative costs and expenses  
656 of the housing incentive zone program, including any annual  
657 administrative costs of the Connecticut Health and Educational  
658 Facilities Authority incurred in connection with the issuance of its  
659 bonds or other obligations pursuant to section 14 of this act, and (2) in  
660 fiscal years ending June 30, 2008, June 30, 2009, and June 30, 2010,  
661 zoning incentive payments pursuant to subdivision (1) of subsection  
662 (a) of section 7 of this act and building incentive payments pursuant to  
663 subdivision (2) of subsection (b) of section 7 and section 11 of this act,  
664 the State Treasurer shall, commencing in the fiscal year ending June 30,  
665 2008, and in each fiscal year until the fiscal year ending June 30, 2037,  
666 disburse moneys on deposit in the Housing for Economic Growth  
667 Fund to the Office of Policy and Management, as follows: (A) In (i)  
668 years 2008 to 2017, inclusive, in an amount equal to three million  
669 dollars, (ii) years 2018 to 2022, inclusive, in an amount equal to one  
670 million five hundred thousand dollars, and (iii) years 2023 to 2037,  
671 inclusive, in an amount equal to seven hundred fifty thousand dollars  
672 such moneys to be made available by the Office of Policy and  
673 Management in equal annual amounts for such administrative costs,  
674 grants-in-aid to municipalities and grants-in-aid to nonprofit housing  
675 or development corporations, and (B) in years 2008 to 2010, inclusive,

676 an amount not to exceed in the aggregate five million dollars, such  
677 moneys to be made available by the Office of Policy and Management  
678 to municipalities as zoning incentive payments and building incentive  
679 payments.

680 (b) Commencing in the fiscal year ending June 30, 2008, and in each  
681 fiscal year thereafter, until the fiscal year ending June 30, 2037, moneys  
682 on deposit in the Housing for Economic Growth Fund representing the  
683 balance of amounts deposited therein pursuant to section 13 of this act,  
684 investment earnings on amounts deposited therein pursuant to section  
685 13 of this act, and repayments of loans made to municipalities  
686 pursuant to section 19 of this act shall be available for disbursement to  
687 the Office of Policy and Management in an annual aggregate amount  
688 not to exceed six million dollars for the purpose of making loans to  
689 municipalities pursuant to section 19 of this act.

690 (c) Moneys deposited in the Housing for Economic Growth Fund  
691 from proceeds, if any, of bonds or other obligations issued by the  
692 Connecticut Health and Educational Facilities Authority pursuant to  
693 subsection (a) of section 14 of this act, and investment earnings  
694 thereon, shall be disbursed to the Office of Policy and Management for  
695 the purpose of providing funds for the payment of zoning incentive  
696 payments and building incentive payments pursuant to sections 7 and  
697 11 of this act.

698 Sec. 17. Subsection (c) of section 4b-21 of the general statutes is  
699 repealed and the following is substituted in lieu thereof (*Effective July*  
700 *1, 2007*):

701 (c) If the secretary determines that such land, improvement, interest  
702 or part thereof may properly be treated as surplus, he shall notify the  
703 Commissioner of Public Works. If the secretary also determines that  
704 such land, improvement or interest or part thereof was purchased or  
705 improved with proceeds of tax exempt obligations issued or to be  
706 issued by the state, he shall also notify the Treasurer. The  
707 Commissioner of Public Works may sell, exchange or lease, or enter

708 into agreements concerning, such land, improvement, interest or part  
709 thereof, after (1) notifying (A) the municipality or municipalities in  
710 which such land, improvement or interest is located, [and] (B) the  
711 members of the General Assembly representing such municipality or  
712 municipalities, and (C) any potential developer of affordable housing  
713 or incentive based housing under this act who has registered with the  
714 commissioner of economic and community development that they  
715 wished to be notified of any such state surplus land, and (2) obtaining  
716 the approval of (A) the Secretary of the Office of Policy and  
717 Management, (B) the State Properties Review Board, and (C) the joint  
718 standing committees of the General Assembly having cognizance of  
719 matters relating to (i) state revenue, and (ii) the purchase and sale of  
720 state property and facilities, and (3) if such land, improvement, interest  
721 or part thereof was purchased or improved with proceeds of tax-  
722 exempt obligations issued or to be issued by the state, obtaining the  
723 approval of the Treasurer. The Treasurer may disapprove such a  
724 transaction only if the transaction would affect the tax-exempt status of  
725 such obligations and could not be modified to maintain such tax-  
726 exempt status. If a proposed agreement for such a conveyance has not  
727 been submitted to the State Properties Review Board within three  
728 years after the Commissioner of Public Works provides such notice to  
729 such municipality and such members of the General Assembly, or if  
730 the board does not approve the proposed agreement within five years  
731 after such notice, the Commissioner of Public Works may not convey  
732 such land, improvement or interest without again so notifying such  
733 municipality and such members of the General Assembly. In the case  
734 of a proposed lease of land, an improvement to land or an interest in  
735 land, or any part thereof, with a person, firm or corporation in the  
736 private sector, for a term of six months or more, the Commissioner of  
737 Public Works shall comply with such notice requirement by notifying  
738 in writing the chief executive officer of the municipality in which the  
739 land, improvement or interest is located and the members of the  
740 General Assembly representing such municipality, not less than two  
741 weeks before seeking the approval of said secretary, board and



742 committees, concerning the proposed lease and the manner in which  
743 the lessee proposes to use the land, improvement or interest. Each  
744 agency, department or institution which informs the secretary that any  
745 land, improvement or interest in land is not needed shall retain  
746 responsibility for its security and maintenance until the Commissioner  
747 of Public Works receives custody and control of the property, if any.  
748 The Treasurer shall execute and deliver any deed or instrument  
749 necessary to convey the title to any property the sale or exchange of  
750 which or a contract for the sale or exchange of which is authorized by  
751 this section.

752       Sec. 18. (*Effective from passage*) (a) There is established a task force to  
753 study strategies to increase the amount of public and private financing  
754 for housing within the state. Such study shall include an examination  
755 of the feasibility of: (1) Establishing uniform underwriting criteria for  
756 the financing of multifamily housing; (2) expanding the usage of loan  
757 guaranties, mortgage insurance by the Connecticut Housing Finance  
758 Authority and other forms of credit enhancements to significantly  
759 expand the amount of public and private financing; (3) enhancing the  
760 state affordable housing tax credit program and historic tax credit  
761 program to promote renovation of existing housing; (4) expand the  
762 availability of project-based rental assistance program certificates; (5)  
763 coordinating financing to better utilize the four per cent federal tax  
764 credits; and (6) encouraging municipalities to utilize federal  
765 community development block grants to leverage additional financing  
766 of affordable housing. The task force may make recommendations  
767 concerning funding to support the inclusion of housing in intermodal  
768 transportation centers and transportation-oriented design.

769       (b) The task force shall consist of the following members:

770       (1) One appointed by the speaker of the House of Representatives,  
771 who shall be an advocate for affordable housing;

772       (2) One appointed by the president pro tempore of the Senate, who  
773 shall be a representative of a municipality with a population over one

774 hundred thousand;

775 (3) One appointed by the majority leader of the House of  
776 Representatives, who shall be a for-profit housing developer;

777 (4) One appointed by the majority leader of the Senate, who shall be  
778 a nonprofit housing developer;

779 (5) One appointed by the minority leader of the House of  
780 Representatives, who shall be a representative of the banking industry  
781 with experience in financing multifamily housing;

782 (6) One appointed by the minority leader of the Senate, who shall be  
783 a representative of a municipality with a population less than one  
784 hundred thousand;

785 (7) The Commissioner of Economic and Community Development,  
786 or the commissioner's designee;

787 (8) The chairperson of the Connecticut Housing Finance Authority,  
788 or the chairperson's designee;

789 (9) The Secretary of the Office of Policy and Management, or the  
790 secretary's designee;

791 (10) The chairpersons of the select committee of the General  
792 Assembly having cognizance of matters relating to housing, or their  
793 designees;

794 (11) The ranking members of the select committee of the General  
795 Assembly having cognizance of matters relating to housing, or their  
796 designees; and

797 (12) The Secretary of the Office of Policy and Management, or the  
798 secretary's designee.

799 (c) All appointments to the task force shall be made not later than  
800 thirty days after the effective date of this section. Any vacancy shall be

801 filled by the appointing authority.

802 (d) The chairpersons of the select committee of the General  
803 Assembly having cognizance of matters relating to housing shall be the  
804 chairpersons of the task force. Such chairpersons shall schedule the  
805 first meeting of the task force which shall be held not later than sixty  
806 days after the effective date of this section.

807 (e) Not later than January 1, 2008, the task force shall submit a  
808 report on its findings and recommendations to the select committee of  
809 the General Assembly having cognizance of matters relating to  
810 housing, in accordance with the provisions of section 11-4a of the  
811 general statutes. The task force shall terminate on the date that it  
812 submits such report or January 1, 2008, whichever is earlier.

813 Sec. 19. (*Effective from passage*) For the purpose of capitalizing the  
814 Housing for Economic Growth Fund created by section 15 of this act,  
815 the sum of sixty million dollars is hereby appropriated from the  
816 surplus in the General Fund for the fiscal year ending June 30, 2007, as  
817 certified by the State Comptroller on or prior to September 15, 2007,  
818 such sum, together with investment earnings thereon and repayments  
819 of municipal loans made therefrom, shall be applied as provided in  
820 section 16 of this act to provide funds for (1) the administrative costs  
821 and expenses of the housing incentive zone program, (2) grants-in-aid  
822 to municipalities and nonprofit housing or development corporations  
823 pursuant to sections 17 and 18 of this act, as applicable, and (3) loans to  
824 municipalities pursuant to section 19 provided that for the fiscal years  
825 ending June 30, 2008, June 30, 2009, and June 30, 2010, such sum may  
826 also be used to provide funds for zoning incentive payments pursuant  
827 to subsection (a) of section 7 of this act and building incentive  
828 payments pursuant to subsection (a) of section 7 of this act and section  
829 11 of this act.

<p>This act shall take effect as follows and shall amend the following sections:</p>
--

Section 1	<i>July 1, 2007</i>	New section
Sec. 2	<i>July 1, 2007</i>	New section
Sec. 3	<i>July 1, 2007</i>	New section
Sec. 4	<i>July 1, 2007</i>	New section
Sec. 5	<i>July 1, 2007</i>	New section
Sec. 6	<i>July 1, 2007</i>	New section
Sec. 7	<i>July 1, 2007</i>	New section
Sec. 8	<i>July 1, 2007</i>	New section
Sec. 9	<i>July 1, 2007</i>	New section
Sec. 10	<i>July 1, 2007</i>	New section
Sec. 11	<i>July 1, 2007</i>	New section
Sec. 12	<i>July 1, 2007</i>	New section
Sec. 13	<i>July 1, 2007</i>	New section
Sec. 14	<i>July 1, 2007</i>	New section
Sec. 15	<i>July 1, 2007</i>	New section
Sec. 16	<i>July 1, 2007</i>	New section
Sec. 17	<i>July 1, 2007</i>	4b-21(c)
Sec. 18	<i>from passage</i>	New section
Sec. 19	<i>from passage</i>	New section

**Statement of Purpose:**

To expand housing options for workers families' and young professionals, creating the foundation for economic expansion and job growth.

*[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]*